Global Terms and Conditions of Purchase (revised: June 2013)

Definitions:
In these Global Terms and Conditions of Purchase (“GTCP”), the terms below are defined as follows:

<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Buyer</td>
<td>Any company in the Brose group that has concluded a Delivery Contract with the Supplier.</td>
</tr>
<tr>
<td>Buyer’s Tools</td>
<td>All of the Supplier’s Tools that belong to the Buyer or the Buyer’s customers, in their current form at the time when the Buyer requests the Tools from the Supplier. In particular, this includes all accessories, all repairs and replacements, add-ons, attachments, equipment and materials.</td>
</tr>
<tr>
<td>Release</td>
<td>Declaration by the Buyer to the Supplier in which the Buyer orders a certain volume of Goods to be delivered by the Supplier, specifying the Delivery date, the time of day if applicable, and the place of delivery.</td>
</tr>
<tr>
<td>Defective Goods</td>
<td>Goods which do not comply with the requirements listed in X. (a).</td>
</tr>
<tr>
<td>Delivery Contract</td>
<td>Any Order accepted by the Supplier or any contract otherwise concluded regarding the delivery of Goods or the provision of services.</td>
</tr>
<tr>
<td>Delivery Date</td>
<td>Firmly defined time for delivery of Goods that is stated in the Order or the Release or otherwise agreed on between the parties.</td>
</tr>
<tr>
<td>Goods</td>
<td>Products, parts, components, systems and associated services that are provided by the Supplier to the Buyer.</td>
</tr>
<tr>
<td>Incoterms</td>
<td>The trade terms published by the International Chamber of Commerce and described as “Incoterms 2010.”</td>
</tr>
<tr>
<td>Industrial Property Rights</td>
<td>All patents, rights to utility models and designs, trademarks, copyrights and other rights to intellectual property.</td>
</tr>
<tr>
<td>Information</td>
<td>All construction, assembly, component and installation drawings; testing protocols, test logs and results, documents, data and other Information relating to Goods and Tools and all technical and business-related knowledge arising from drawings, Specifications, drafts or other confidential data or documents belonging to the Buyer.</td>
</tr>
<tr>
<td>Order</td>
<td>The Buyer’s offer to the Supplier regarding the delivery of Goods or the provision of services, in written or electronic form, as well as any changes thereto.</td>
</tr>
<tr>
<td>Production Materials</td>
<td>Goods that are used in a product for a vehicle or another Brose product.</td>
</tr>
</tbody>
</table>
I. Applicability and conclusion of contract

(a) The GTCP, including the applicable addendum in each case, shall apply to the Buyer’s purchases of Goods from the Supplier.

(b) An Order can be withdrawn by the Buyer at any time before acceptance, without any liability toward the Supplier. An Order shall not constitute an acceptance of the Supplier’s offer, unless the acceptance is expressly declared in the Order. The contents of the Supplier’s offer shall only become part of the contract if and to the extent that they are referenced by the Buyer in the Order and do not conflict with the other contents of the Buyer’s Order.

(c) The Order and the GTCP shall be considered accepted by the Supplier, in full and without changes, if the Supplier accepts an Order in writing or via electronic data communications, or begins to provide the deliveries or services that are the subject of the Order. Only these GTCP form an integral part of the Delivery Contract. Any deviating terms and conditions shall only be binding upon written confirmation by the Buyer. Buyer’s unconditional acceptance of or payment for the Goods shall not constitute the conclusive acceptance of any deviating terms and conditions.

II. Quantities, deadlines

(a) Quantities and delivery dates shall be specified exclusively in Orders or Releases. The Supplier must ensure the necessary capacity in order to fulfill the quantities, including quantity forecasts from Orders and Releases. The Buyer’s purchase obligation arising from Releases shall be limited to four (4) weeks of production of finished goods and eight (8) weeks of the raw material inventory, continuously based on the last Release. Quantities that exceed these release periods are considered non-binding quantity forecasts. Releases shall be subject to the requirements of the Delivery Contract. A Release is binding for the Supplier. This shall not apply if the Supplier refuses the Release in writing within three (3) business days after receipt due to unreasonable quantities or delivery deadlines and includes a notice stating the earliest possible alternate Delivery date.

(b) Compliance with the Delivery Date is essential for the fulfillment of the Delivery contract. The Buyer is not obligated to accept Goods that are delivered before the Delivery Date. The Supplier shall bear the risk of loss or damage of any Goods delivered prior to the Delivery Date. The Buyer is entitled to return any excess deliveries at the Supplier’s expense and risk; in
particular, these expenses include without limitation all packaging, processing, sorting and transport costs.

(c) The Buyer can postpone Delivery Dates from Releases by up to three (3) months. This shall not entitle the Supplier to change the price of the Goods or to claim compensation for costs or damage.

(d) The Buyer reserves the right to make changes to the Goods, drawings, Specifications, logistics processes (such as packaging and shipping) of a Delivery Contract at any time, or to request such changes from the Supplier. The Supplier shall immediately, in normal cases within ten (10) business days of receiving the change request, outline the effects of such a change in terms of the price and Delivery Date by submitting a calculation (cost breakdown) and any other necessary documentation. If such a change results in a revision of the price or Delivery Date, the Buyer and Supplier shall agree on an appropriate adjustment in the Delivery Contract.

(e) The Supplier may not replace materials or change the manufacturing location, manufacturing process or specification of the Goods without the prior written consent of the Buyer.

III. Packaging and shipping
(a) Goods must be properly packaged, labeled and shipped with due care in a manner that ensures the lowest possible transport costs. Packaging, outer packaging, packaging materials and Goods carriers may not contain any hazardous materials, particularly radioactive materials, and must be recyclable unless a return agreement and/or Goods carrier pool system is in place. All applicable transport laws and regulations must be observed.

The Brose Procurement Logistics Manual (available at www.brose.com under Purchasing in the Download Area, or from the Buyer upon request) applies to Production materials. Each delivery must include a packing slip with the Order number, Release number and parts number. The Supplier shall label the Goods, packing materials and packaging according to the Buyer’s instructions and in compliance with any statutory requirements and standards of the automotive industry and, unless otherwise agreed upon in the Delivery Contract, Labeling shall be done as specified in the Brose Procurement Logistics Manual.

(b) The Supplier shall immediately procure all of the complete documentation and other Information needed as per customs requirements and other laws or regulations, in particular customs drawback documentation, proof of origin and any other Information relating to the origin of the Goods and the materials the Goods contain in accordance with commercial and preferential law. Where necessary for customs purposes, the Supplier shall issue a trade invoice in duplicate. For free-of-charge deliveries, the Supplier shall declare the Goods as well as their value and include the note “For Custom Purposes Only.” The invoice must state the reason for the free-of-charge delivery (e.g. free shipping of samples).

IV. Prices, payment and delivery terms and conditions
The prices and payment terms shall be established in the Delivery Contract or the Order. All deliveries shall be made DAP (Incoterms) to the named place of destination, unless otherwise agreed. The prices in a Delivery Contract are fixed prices and represent the total price for manufacturing and delivering the Goods. The Supplier shall not be entitled to adjust prices and/or request additional costs of any kind without prior express written consent from the Buyer. If the Supplier is delayed in issuing its invoice or delivering the Goods or if it has delivered Defective goods, the Buyer shall be entitled to withhold payment of the purchase price until the Supplier has met its contractual obligations. Where legally permissible, the Buyer shall perform payment through self-billing procedure in place of the Supplier’s invoices.
V. **Value and cost analyses**

Upon request of the Buyer using adequately qualified personnel, the Supplier shall conduct value and cost analyses for the Goods. To this end, the Supplier shall disclose all of the costs to the Buyer by providing the Buyer with a detailed cost breakdown according to the Brose cost breakdown formats.

VI. **Set-off**

In addition to the rights to set-off under law, the Buyer shall be entitled to set-off with claims from other Delivery Contracts with the Supplier.

VII. **Risk of loss and Title of the Goods**

Title to the Goods and the risk of accidental loss, destruction or damage shall transfer at the time and place established in the Delivery Contract.

VIII. **Quality and control**

(a) When developing and manufacturing the Goods, the Supplier shall observe the latest state of the art and comply with all quality standards, statutory provisions and other requirements (e.g. notified customer requests, IMDS requirements, and the Brose “Quality Management Regulations (Purchased Parts)”, available at www.brose.com under Purchasing in the Download Area or upon request from the Buyer). The Supplier shall fulfill all of the requirements in order to conclude the materials approval process of the Buyer and the Buyer’s customers in a timely manner. Subject to other instructions by the Buyer, the Supplier shall undertake random sampling before delivery and record the inspection results in a suitable manner and form. The “Quality Management Regulations (Purchased Parts)” shall apply to the retention and archiving of these records.

(b) Before accepting the Order, the Supplier shall analyze and check the Specifications of the Goods. The Supplier acknowledges that the Specifications are adequate and suitable for manufacturing the Goods in compliance with the Delivery Contract.

(c) The Buyer shall be entitled to inspect and audit the Supplier’s manufacturing process on site after prior notice, at any appropriate time and within a reasonable scope. The Supplier shall ensure that the Buyer is granted corresponding inspection and auditing rights for the Supplier’s subcontractors.

(d) During its incoming Goods inspection, the Buyer shall only inspect the Goods in terms of identity, quantity, transport damages and other obvious damage. Any further inspections by the Buyer or the Buyer’s customers shall not constitute an acknowledgement of the contractual conformity of the Goods or a waiver of proper contractual fulfillment, and shall not release the Supplier from liability. Payment for the Goods shall not constitute a declaration of acceptance of the Goods as being contractually compliant.

(e) Approval and release of development work by the Buyer shall neither exclude nor limit warranty and/or product liability claims.
IX. **Service and replacement parts**
(a) The Supplier shall fulfill Buyer’s replacement parts requirement for Production Materials during series delivery and for fifteen (15) years thereafter. For the term of the Delivery Contract, the price shall be the current production price stipulated in the Delivery Contract. Pricing for replacement supplies during the 15-year period shall be the current delivery price at end of the serial delivery in addition to any expenses which shall be mutually agreed upon between the Parties.
For Goods that are not Production materials, the Supplier shall ensure fulfillment of the Buyer’s requirement for replacement parts at market prices for a duration of at least fifteen (15) years as of the date of the first delivery of the Goods.

(b) If requested by the Buyer, the Supplier shall provide service literature and other materials at no additional cost.

X. **Warranty**
(a) The Supplier warrants that the delivered Goods comply with the Specifications, are of merchantable quality and are otherwise free from defects. If and to the extent that the Supplier is responsible for the design and construction, it shall also warrant the fault-free design, construction and suitability of the delivered Goods for the specific purposes for which they are purchased.

(b) If the Goods are defective, the Buyer may, at its own discretion, request the Supplier to repair the Goods at the Supplier’s expense and risk, or replace them with non-Defective goods. If the Goods are already in the production process of the Buyer or the Buyer’s customer, and if it is unreasonable (for operational and particularly for manufacturing-related reasons) for the Buyer to have the Supplier repair the Defective goods, or if the Supplier is unable to do so, then the Buyer may, at the Supplier’s expense and risk, replace or repair the Goods itself or have them replaced or reworked by a third party.

(c) If the Goods have already been installed in a product and delivered to the Buyer’s customers, then at the Supplier’s risk and expense, the Buyer shall provide the Supplier with a representative quantity of the Defective goods for inspection.

(d) Furthermore, the Supplier shall compensate the Buyer for all costs that the Buyer incurs in connection with the supply, sale and delivery of Defective goods.

(e) The warranty period shall be thirty-six (36) months from the delivery of the Goods.

(f) The Buyer’s rights provided in this section shall apply in addition to all other statutory and/or contractual claims.

XI. **Recalls**
The Supplier shall be liable and responsible for any measures required to prevent product hazards (recalls) to the extent that it is legally obligated to implement such measures.

XII. **Liability and Insurance**
(a) The Supplier shall compensate the Buyer for all costs and damages incurred as a result of the delivery of Defective Goods or due to the violation of an obligation in the Delivery Contract, and shall indemnify the Buyer against all claims in this regard. This shall not apply in the event of fault-based liability if the Supplier proves that it is not at fault.
(b) The Supplier shall obtain appropriate global insurance coverage for its obligations under the Delivery Contract (particularly public liability, product liability and recall insurance), as is customary for the automotive industry, from a reputable insurer, and shall maintain this insurance coverage for the duration of the Delivery Contract. Upon request, the Supplier shall provide the Buyer with certification of the scope of coverage from the insurer.

(c) If the Supplier’s services also include work at the Buyer’s operating premises or the premises of one of the Buyer’s customers, the Supplier shall take all necessary precautionary measures while performing this work to avoid personal injuries and property damage. The Supplier shall compensate the Buyer for all costs and damages caused by the Supplier’s work at the operating premises, and shall indemnify the Buyer against all such claims. This shall not apply in the event of fault-based liability if the Supplier can demonstrate that it is not at fault. Furthermore, the Supplier shall observe the “Brose Instructions for Outside Companies,” which will be provided upon request.

(d) The Supplier shall be liable for its representatives and subcontractors to the same extent as for its own actions.

XIII. **Termination in exchange for compensation payment**

(a) In addition to all of the Buyer’s other rights to terminate a Delivery Contract, the Buyer may terminate Delivery Contracts at any time, without stating its reasons, by giving a written notice with an appropriate notice period to the Supplier. In the event of such a termination, the Buyer shall compensate the Supplier for the following items: (i) the Delivery Contract price for unpaid and already delivered Goods that are free of defects and have been accepted by the Buyer; (ii) the Delivery Contract price for Goods finished in accordance with the Delivery Contract; and (iii) the applicable direct costs for unfinished products and materials that the Supplier incurred in accordance with the Delivery Contract. This only applies if the costs incurred are reasonable or the Buyer has consented to the costs or quantities in writing. The Supplier will not be reimbursed for damaged or destroyed materials or Goods. At the Buyer’s request, the Supplier shall deliver the finished Goods and materials on the basis of corresponding Delivery Contracts to be concluded in cases specified in Section XIII (a) (ii) and (iii).

(b) The Buyer is not obligated to pay for Goods, unfinished products or materials that exceed the volume ordered or approved as per Section II (a) of these GTCP. The same applies for Goods, unfinished products or materials that are in the Supplier’s standard stock or can be sold elsewhere.

(c) Payments by the Buyer shall not exceed the maximum amount that the Buyer would have needed to pay if it had not terminated the Delivery Contract.

XIV. **Termination for Cause**

(a) In addition to the statutory grounds for termination, the Buyer can also terminate Delivery Contracts, in full or in part, in writing for good cause, without the termination giving rise to any liability or compensation payment claims. In particular, good cause includes but is not limited to the following cases:

(i) the Supplier commits a fundamental breach of the Delivery Contract and does not fully rectify this violation within an appropriate period;
(ii) the Supplier becomes insolvent; a request is submitted to initiate insolvency, bankruptcy or liquidation proceedings with regard to its assets; an insolvency administrator or trustee is appointed; or a liquidation settlement takes place;
(iii) the Supplier’s company experiences a change in the ownership or shareholder structure as a result of which the Buyer cannot reasonably be expected to continue the Delivery Contract. This includes, but is not limited to a competitor of the Buyer acquiring shares in the Supplier’s company, or the Supplier acquiring shares in an enterprise belonging to a competitor of the Buyer.

(b) In the event of a partial termination of a Delivery Contract that has not yet been completely fulfilled otherwise, the Supplier shall remain obligated to fulfill the non-terminated part of the Delivery Contract.

XV. Buyer’s Tools
(a) The Buyer’s Tools are provided to the Supplier as bailed property, and shall remain the property of the Buyer or the Buyer’s customer, unless otherwise agreed upon in writing.

(b) The Supplier is only allowed to use the Buyer’s Tools for the production of Goods under a Delivery Contract with the Buyer. The Supplier may not use these Buyer’s Tools for other purposes, or allow third parties to use them, without prior written consent from the Buyer.

(c) Buyer’s Tools must be clearly labeled as the property of the Buyer or the Buyer’s customer. They must be stored safely in a separate place apart from the Supplier’s property. The Supplier shall maintain the Tools at its own expense in good condition, and shall replace them if necessary. The Supplier shall bear the risk for the Buyer’s Tools as long as they are in the custody or under the control of the Supplier; the Supplier shall insure the Buyer’s Tools at its own expense and to the replacement value in the event of loss. The Supplier hereby assigns all payment claims against the insurer to the Buyer, and the Buyer hereby accepts this assignment. The Supplier shall treat the Buyer’s Tools with care and caution. The Supplier indemnifies the Buyer against all claims as well as any costs and damages arising from the installation, use, storage or repair of the Buyer’s Tools. The Buyer or its customer may enter the Supplier’s operating premises at any time during normal business hours in Order to inspect the Buyer’s Tools and records regarding the Buyer’s Tools. At the Buyer’s request, the Supplier shall perform a physical inventory.

(d) The Buyer may request the return of the Buyer’s Tools at any time, including after proper termination of the Delivery Contract. The same applies if the Supplier is temporarily or permanently unable to continue to supply and deliver. If the Buyer requests the return of the Buyer’s Tools, the Supplier shall immediately make the Buyer’s Tools available for the Buyer to collect. At the Buyer’s request, the Supplier shall send the Buyer’s Tools to a location specified by the Buyer, in exchange for appropriate reimbursement of costs. The Supplier shall not be entitled to any right of retention for the Buyer’s Tools. This shall not apply if the Supplier retains the Buyer’s Tools due to undisputed, acknowledged or enforceable claims.

XVI. Supplier’s Tools
(a) The Supplier shall grant the Buyer an option to acquire Suppliers Tools. If the Buyer exercises this option, the purchase price shall be calculated as follows: the original purchasing/manufacturing costs, minus any depreciation for wear and any other depreciation up to the time when the Tool is handed over after the option is exercised. Depreciation for wear shall only be considered if the Supplier was compensated for that depreciation beyond the price of the parts. Under no circumstances can the purchase price at the time when the Purchase right is exercised exceed the market value (replacement costs for an equal used tool). The Purchase right shall not apply if the Supplier needs these Tools for manufacturing its other standard products.
XVII. Compliance with laws and regulations, safety, environmental protection, hazardous substances

(a) In the course of fulfilling the Delivery Contract, the Supplier shall comply with all applicable laws, regulations, ordinances and industry standards. In particular, Goods must comply with the applicable product safety, environmental and workplace regulations and provisions. Seller will promptly provide, in writing, any Information regarding the Goods requested by Buyer so that Buyer may comply in a timely manner with reporting requirements under applicable law with respect to consumer protection, “conflict minerals” or similar ingredients, if any.

The Supplier of Production materials shall comply with the current versions of Brose Standard 589589, “Environmental Requirements for Brose Products,” as well as the associated Brose Standard 588619, “Environmental Protection – Prohibited Substances.” In the context of initial sampling, the Supplier shall enter all the necessary data into IMDS, the International Material Data System (http://www.mdsystem.com), as well as into the systems of other organizations as needed.

(b) The Supplier shall comply with the applicable hazardous materials regulations. In particular, the Supplier shall ensure that activities involving hazardous Goods and substances are performed only by personnel who have been specifically trained for such activities, and that only resources, containers and equipment are used that have been approved for transporting such hazardous Goods and substances on public roads. The Supplier shall provide the Buyer with an overview of all hazardous Goods and substances that are used in the course of fulfilling the Delivery Contract. The Supplier shall maintain the corresponding safety data sheets and shall provide the Buyer with copies of these upon request.

(c) The Supplier shall provide the Buyer with appropriate installation, operating and maintenance manuals as well as the applicable material safety data sheets. These documents must contain all of the specific warnings and/or instructions in the Buyer’s national language and in English, or in the language specified in the Delivery Contract.

XVIII. Non-Assignment and Non-Transfer

The Supplier shall not be entitled to assign claims from a Delivery Contract or to transfer its obligations from the Delivery Contract to third parties without prior written consent from the Buyer.

XIX. Force majeure

(a) Any delay or failure of performance under a Delivery Contract that results from an event of force majeure without any error or fault on the part of the affected party shall be considered excused for as long as the event persists. In order to be excused from performing due to a force majeure event, the affected party must provide the other party with written notice of any such delay (including the expected length of the delay) as quickly as possible after the event, but no later than three (3) days thereafter. Force majeure events include natural disasters such as fires, floods, earthquakes, tornadoes or other extreme natural occurrences as well as unrest, war, sabotage, terrorist attacks and other similar unforeseeable and unpreventable occurrences. Strike, or labor disruptions, or the scarcity or unavailability of raw materials, are not force majeure events.
(b) During the delay or failure of performance on the part of the Supplier, and for an appropriate period thereafter, the Buyer shall be entitled (i) to purchase replacement Goods from other available sources, which shall reduce the volume of the Ordered Goods by the amount of Goods thus replaced, and/or (ii) to require the Supplier to deliver replacement Goods from other available sources in the volume and by the deadlines specified by the Buyer, and at the prices established in the Delivery Contract. If the Supplier cannot provide assurance that the delay will not exceed thirty (30) days, or if the delay lasts longer than thirty (30) days, the Buyer can terminate the contract without liability toward the Supplier and without any obligation to purchase raw materials, unfinished or finished Goods as per Section XIII of these GTCP as if the termination were a termination for cause under Section XIV.

XX. Confidentiality

The Supplier shall keep confidential all Information provided by the Buyer, whether verbally or in writing. The Supplier shall only use this Information for contractual purposes. The Supplier shall not provide this Information to third parties either directly or indirectly without prior written consent from the Buyer. This shall not apply if the purpose of the contract requires that the Information be provided. This confidentiality obligation does not apply to Information that was provided to the Supplier by a third party in a legally permissible manner and on a non-confidential basis, or to Information that is freely available to the public. The Supplier shall obligate its subcontractors to maintain confidentiality to the same extent as in this clause.

XXI. Intellectual property and licenses

(a) The Supplier warrants that the Buyer’s intended use of the Goods does not violate any third-party rights, including but not limited to Industrial or intellectual property rights. The Supplier hereby indemnifies the Buyer against all such claims, including any resultant disputes. This shall not apply to the extent the Supplier is not responsible for the violation.

(b) If the Supplier’s Industrial property rights are necessary in Order for the Buyer to use, repair or resell the Goods, the Supplier shall grant the Buyer a worldwide, irrevocable and royalty-free right to use the Goods itself or via third parties, to repair them or to otherwise use or resell them at its own discretion. In the event that the Supplier fails to deliver the Goods, regardless of the reason, the Supplier hereby also grants the Buyer the right to rebuild the Goods itself or via a third party. If the Supplier is responsible for the failure to deliver, this right shall be granted free of charge; otherwise it shall be subject to a reasonable fee.

(c) If standard user software is the subject of a Delivery Contract, the Supplier shall grant the Buyer a fully transferable right of use. The Supplier shall provide the Buyer with the necessary software free of charge. The Supplier shall ensure that the software sold is free from viruses and similar defects.

(d) If a Delivery Contract includes development work to be paid for by the Buyer, whether as a one-time payment or as amortized into the price of the parts, the Buyer shall obtain full title of all development results. The Supplier shall also grant the Buyer an irrevocable, non-exclusive, free of charge, worldwide license with the right to issue sub-licenses for all Industrial property rights upon which the development results are based, or which the Buyer needs for the direct or indirect use of the development results.
XXII. Prohibition of advertising

The Supplier cannot advertise or publicize its business relationship with the Buyer, the Buyer’s name or the name of the Goods without prior written consent from the Buyer. This shall not apply if a deviation from this prohibition is required due to binding legal provisions.

XXIII. Social responsibility

The Buyer deems it essential that the Supplier acts in a socially responsible manner toward its own employees and towards society in all its commercial activities. The following principles are particularly important to the Buyer:

- Honoring human dignity and human rights, prohibition of child labor and forced labor
- Realizing equal opportunities and family-friendly conditions
- No discrimination on the basis of religion, origin, nationality, age, disability, marital status, sexual orientation, political beliefs, membership in a trade union or similar, gender or veteran status
- Protecting indigenous rights
- Prohibiting bribery and blackmail
- Ensuring socially adequate working conditions
- Providing protection against individual, arbitrary personnel measures
- Creating conditions that allow employees to enjoy an appropriate standard of living
- Positive and negative freedom of association
- Securing employability through training and further education
- Informing employees about the objectives, financial and economic situation, and current issues affecting the company and the employees
- Responsible actions by all employees with regard to the environment
- Complying with workplace health and safety requirements
- Complying with the applicable laws and regulations

The Supplier must ensure that its subcontractors are also obliged to comply with the provisions listed in this Section.

XXIV. General provisions


(b) Waivers of rights through implicit or tacit behavior are excluded. A waiver of rights declared in an individual case shall not have any effect beyond the individual case.

(c) The contractual provisions are exclusively subject to the Delivery Contract and these GTCP. They replace any and all prior agreements concluded between the parties. Any changes and/or additions to a Delivery Contract require a written or electronic confirmation in Order to be valid. Any changes and/or additions to these GTCP require written confirmation in Order to be valid. The same also applies to any changes to this clause itself.
Addendum to the
Global Terms and Conditions of Purchase (revised: June 2013)

Special provisions regarding Orders for Production Equipment

The special provisions regarding the purchase of Production equipment form an addendum to the Global Terms and Conditions of Purchase ("GTCP") and apply only to Orders for Production Equipment.

To the extent that changes are made to the GTCP in the following sections, these shall take precedence over the GTCP. All other provisions of the GTCP shall remain unaffected hereby.

II. Quantities, Delivery Dates

Section (a) shall not apply.

Section (e) shall be supplemented as follows:

In the event of a culpable default on a Delivery Date by the Supplier, the Buyer shall be entitled to exact a contractual penalty amounting to 0.3% of the Order value for each working day of the delay, but at most up to 5% of the Order value. Any additional or other legal claims shall remain unaffected hereby. The Buyer can reserve the right to claim the contractual penalty up to the time of the final payment.

Sections (f) through (i) shall be added as follows:

(f) Upon delivering the subject of the contract, the Supplier shall provide all documentation, replacement parts lists, operating instructions, declarations of conformity, program workflows, and any other documents needed in Order to use the Production Equipment.

(g) The Supplier shall perform the installation with its employees. The costs of this are included in the fixed price, unless otherwise agreed upon in the Order.

(h) The Supplier must train and instruct the Buyer, free of charge, in the use of the Production Equipment, including the software, to the extent that the Buyer considers this necessary in Order to operate the Production equipment.

(i) The latest, valid version of the Brose Production Equipment Specifications shall apply.

III. Packaging and shipping

Section (c) shall be added as follows:

(c) The Supplier may not affix any recognizable company names, descriptions or emblems to the Production Equipment. The Buyer shall be entitled to remove any such labels from the Production Equipment, or render them unrecognizable, at the expense of the Supplier.

IV. Prices, payment and delivery terms and conditions

Section IV shall be amended as follows:

(a) The prices and payment conditions shall be established in the Delivery Contract or the Order. All deliveries shall be CPT as per the Incoterms. The prices in the Delivery Contract are fixed prices, and
represent the total price for manufacturing and delivering the Production Equipment. The Supplier shall not be entitled to adjust prices and/or request additional costs of any kind without prior written consent from the Buyer. If the Supplier is in default in issuing its invoice or delivering the Production Equipment, or if it delivers defective Production Equipment, the Buyer shall be entitled to withhold payment of the purchase price until the Supplier has fulfilled its contractual obligations.

VII. **Risk of loss and Title to the Goods**

Section VII shall be amended as follows:

Title to the Production Equipment or parts thereof shall be transferred to the Buyer at the start of the production and/or purchase by the Supplier for all unfinished intermediate steps, including the associated documentation (with the exception of design and construction documents). Ownership shall be transferred regardless of the payment status of the Production Equipment; the Buyer’s obligation to pay according to the respective manufacturing status shall remain unaffected hereby. This transfer of title shall in no case constitute an acceptance of the respective unfinished intermediate phases or of the Production Equipment.

VIII. **Quality and control**

Sections (a) and (b) shall be amended as follows:

(a) The Supplier warrants complying with the latest state of the art and all statutory requirements in the course of developing and manufacturing the Production Equipment.

(b) Before the Order is accepted and before changes are agreed upon with the Buyer, the Supplier shall analyze and review the specification (particularly the Specifications) and drawings for the Production Equipment, as well as all other parts of the Production Equipment that are provided or required by the Buyer. The Supplier shall acknowledge the Specifications and requirements as sufficient and suitable for producing the Production Equipment in compliance with the Delivery Contract. Upon request, the Supplier shall take part in all quality and development programs required by the Buyer or the Buyer’s customers.

Sections (f) and (g) shall be amended as follows:

(f) Responsibility for the design and construction shall lie exclusively with the Supplier. The Supplier shall coordinate the design and construction with the Buyer’s specialist department before the start of production. Coordination of the design and construction with the specialist department solely involves a general check of the design and construction with regard to its overall function, and shall not relieve the Supplier of its responsibility. Coordination of the design and construction with the Buyer shall not constitute an acceptance in the legal sense.

(g) The Supplier shall only hire subcontractors after prior written consent from the Buyer.

IX. **Service and replacement parts**

Section IX shall be amended as follows:

The Supplier shall ensure the availability of replacement parts at market prices for the duration of ten (10) years after the date of delivery. The Supplier shall promptly inform the Buyer of any supply scarcity, but no later than 3 months before it occurs, and shall propose suitable alternative measures.
X. Warranty

Section (e) shall be amended as follows:

(e) The warranty period shall be thirty-six (36) months after the final, unconditional acceptance of the Production Equipment by the Buyer.

XXI. Intellectual property and licensing

Section (e) shall be added as follows:

(e) If the source code of the software necessary to operate the Production Equipment is not delivered with the equipment, the Supplier shall deposit the source code with a notary or auditor within ten (10) days of delivery. The Supplier shall irrevocably instruct such entities to surrender the source code to the Buyer in the event that insolvency or bankruptcy proceedings are initiated with regard to the Supplier’s assets or such proceedings are refused, or in the event that the contract is terminated or the Supplier fails to comply with the contractual obligations despite a warning from the Buyer. The Seller shall herewith transfer title of the source code to the Buyer at the time it is deposited in the event that insolvency or bankruptcy proceedings are initiated with regard to the Supplier’s assets or are refused, if the contract is terminated prematurely, or if contractual obligations are not met despite a warning by the Buyer. The Buyer hereby accepts the transfer of title under a condition precedent. The source code shall be deposited in electronic form on data carriers and also in printed form. The Supplier hereby grants the Buyer in advance the right to use this source code, unlimited in time, space and free of charge, as well as the right to modify and amend it. The Supplier shall immediately provide the Buyer with proof of the deposit and storage of the source code as well as the name and address of the notary/auditor. The Supplier shall immediately deposit and transfer ownership of the associated source code after every change or update to the software under the same aforementioned conditions, if and to the extent that the source code is not provided to the Buyer.

End of the Addendum
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Global Terms and Conditions of Purchase (revised: June, 2013)

Special Provisions for the NAFTA Region (North America, Mexico and Canada)

To the extent that changes are made to the GTCP in the following sections, these shall take precedence over the GTCP. All other provisions of the GTCP shall remain unaffected hereby.

VI. Set-off

Section VI. shall be replaced as follows:

In addition to the rights to set-off under law, the Buyer or its affiliates shall be entitled to set-off with claims due or to become due from this or other Orders or Delivery Contracts with the Supplier or Supplier’s affiliates. If an obligation of Supplier to Buyer is disputed, contingent or unliquidated, Buyer may defer payment of all or a portion of the amount due to Supplier until such obligation is resolved.

XII. Liability and Insurance

Section (a) shall be replaced as follows:

(a) To the fullest extent permitted by law, Supplier shall indemnify and hold harmless Buyer, Buyer’s customer, and all of their officers, employees, agents, representatives, successors and assigns against all claims (including without limitation, claims for personal injury or death or property damages), damages (including without limitation all indirect and consequential damages), costs, expenses, (including without limitation reasonable attorneys and other professional fees), and all losses directly or indirectly incurred by Buyer (collectively, “Damages”) arising out of or resulting from a Defective Good or from any negligent or wrongful act or omission of Supplier or its agents, employees or subcontractors, or any breach by Supplier or its agent, employees or subcontractors of any of its representations or obligations under a Purchase Contract.

In the event that liability for Damages requires negligent action by law, Supplier’s obligations under this section shall apply except to the extent Supplier did not act negligently. If labor of any sort is provided to Buyer, by Supplier or any of its employees, subcontractors or agents, Supplier agrees to defend, indemnify and hold harmless Buyer, its shareholders, officers, director, employees, customers and users of its products, against all liability, claims or demands for injuries or damages to any person or property arising out of Supplier’s performance of this Delivery Contract.

Supplier’s obligation to defend and indemnify under this Section will apply regardless of whether the claim arises in tort, negligence, contract, warranty strict liability or otherwise. Buyer shall be entitled to be represented by and actively participate through its own counsel in the defense and resolution of any indemnification matters at Supplier’s expense. Supplier’s indemnification obligations under this Agreement are independent of, and in addition to, any insurance and warranty obligations of Supplier.

XIII. Termination in exchange for compensation payment

A new Section (d) shall be added as follows:

(d) Buyer’s sole liability under the Purchase Contract (including in event of termination, expiration or cancellation) is to pay for the Goods in accordance with Section IV and to pay the specific termination related amounts described in Section XIII. IN NO EVENT SHALL BUYER BE LIABLE TO
SUPPLIER FOR ANTICIPATED OR LOST PROFITS, INTEREST, PENALTIES, OR INCIDENTAL, CONSEQUENTIAL, PUNITIVE, MULTIPLE OR EXEMPLARY DAMAGES OR LIABILITY IN CONNECTION WITH THIS ORDER, WHETHER FOR BREACH OF CONTRACT, TORT LIABILITY, LATE PAYMENT, PROPERTY DAMAGE, PERSONAL INJURY, ILLNESS OR DEATH OR OTHERWISE.

XVII. Compliance with laws and regulations, safety, environmental protection, hazardous substances

Section (a) shall be replaced as follows:

(a) Supplier shall comply with all applicable federal, state or local laws, rules, regulations or ordinances and industry standards as to the Goods and otherwise in the performance of a Delivery Contract, including the National Traffic and Motor Vehicle Safety Act. Supplier warrants, without limitation that the Goods shall be in compliance with applicable product safety, environmental and labor regulations. The supplier of Production materials shall comply with current versions of Brose standard BN 589589 “Environmental Requirements for Brose Products” as well as the associated Brose standard BN 588619 “Environmental Protection – Prohibited Substances. In the context of initial sampling, the Supplier shall enter all the necessary data into IMDS, the International Material Data System (http://www.md-system.com), as well as into the systems of other organizations as needed.

If Goods are incorporated in product intended for the US market, Supplier specifically warrants without limitation that each chemical substance constituting or contained in the Goods is on the list of chemical substances compiled and published by the Administrator of the Environmental Protection Administration pursuant to the Toxic Substances Control Act (15 U.S.C. Sec. 2601 et seq.) as amended, and that the Goods shall be in compliance with applicable sections of the Federal Consumer Product Safety Act (15 U.S.C. 2051 et seq.) as amended, and the Federal Hazardous Substances Act (15 U.S.C. 1261 et seq.), and are not considered hazardous under any state or federal law except as clearly stated on the shipping and storage containers. Supplier shall defend, indemnify, and hold harmless Buyer from any claim alleging improper or illegal disposition of the Goods.

XXIV. General Provisions

A new Section (d) shall be added as follows:

(d) At Buyer’s sole discretion, Buyer can decide to litigate, rather than arbitrate any dispute. In that event, any legal or equitable action or proceedings by Buyer against Supplier arising out of, or in connection with, this Contract may be brought by Buyer in any court(s) having jurisdiction over the Buyer’s receiving location (as shown by the ship to or receiving address of Buyer), or in the jurisdiction where the Buyer is incorporated or organized, in which event the Supplier consent to such jurisdiction and venue, including service of process in accordance with applicable procedures; and any legal or equitable actions or proceedings by Supplier against Buyer arising out of, or in connection with, this Contract may be brought by Supplier only in the court(s) having jurisdiction over the Buyer’s receiving location.
Additional Provision for Canada:

If the Buyer’s place of business is located in Ontario, Canada, any statutory limitation period shall not apply. The parties agree any litigation shall not be commenced in respect of a claim after the sixth anniversary of the day on which the claim was discovered.

Additional Provisions for Mexico:

Solely in the event the Buyer’s place of business is located in Mexico the following new Section shall be added to the GTCP:

XXVI. **Labor Responsibility**

The Supplier recognizes that it is an independent contractor and in accordance with Article 13 of the Mexican Federal Labor Law, it has own and sufficient elements to comply with its obligations with respect to its workers, employees and representatives. The Supplier shall unconditionally assume the responsibilities of an employer, and therefore all its representatives, workers, and employees involved in the production of Goods or execution of services under a Delivery Contract, shall exclusively depend on the Supplier, who will be solely responsible for the work contracts, the salary payments and other benefits, as well as for fees to be paid to the Mexican Social Insurance Company (IMSS), the National Fund of Living for Workers (INFONAVIT), the Pension Savings System (SARI), and taxes related thereto. In particular Supplier does not approve the forced labor, child work, disciplinary abuses or any other violation to the local laws, as well as any harassment and discrimination, attempts to the security and health of the employees, out law salaries and benefits, abuses of the freedom of association and working hours.

Even when the Supplier is working inside the facilities of Buyer, Buyer shall not be held responsible for any claims caused by such working relationship. The Supplier agrees and undertakes to indemnify and hold the Buyer safe and harmless from any claims, including labor claims, brought against the Buyer by the representatives, workers and employees involved in the production of Goods or execution of services under a Delivery Contract, whether directly employed by the Supplier or by any third party.

End of the Addendum
Addendum to  
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Special Provisions for Brazil

To the extent that changes are made to the GTCP in the following sections, these shall take precedence over the GTCP. All other provisions of the GTCP shall remain unaffected hereby.

The special provisions for Brazil constitute an addendum to the GTCP for Purchase Orders placed by Brose do Brazil Ltda or any other company of the Brose Group having its principle place of business in the Federal Republic of Brazil.

The following sections are amended solely in the respects set forth hereinafter:

II. **Quantities, Dates**

At the end of Section (b) the following shall be added:

**IT IS IMPERATIVE THAT THE SUPPLIER COMPLIES WITH THE QUANTITY AND PERIOD OR DELIVERY DATE DUE TO THE FACT THAT BROSE DO BRASIL IS A JUST IN TIME PLANT. VARIATIONS IN DEMANDS DUE TO PRODUCTION REPROGRAMMING OF BUYER CUSTOMERS SHALL BE MET BY THE SUPPLIER TO THE FULLEST EXTENT, except if otherwise agreed in writing between the parties.**

XII. **Liability and Insurance**

Section (a) shall be replaced as follows:

Without restrictions of any other indemnification provisions provided by law, the Supplier will defend, indemnify and exempt Buyer, its successors, assignees and third party from any loss, damage, fine, penalty, judicial or extrajudicial lawsuit, expense, worker’s compensation or other liability due to any illegal act, propriety damage, physical injury, damage caused by the act or any other damage resulting from or related to the Products or the Product’s supply, whereas, however, the Supplier will in no way be hold responsible for any of the precedents if they are solely and exclusively caused by negligence or intended bad conduct by Buyer, its representatives or employees.

In the same way the Supplier will defend, indemnify and exempt Buyer, its successors, assignees and third party from all and any action, judicial or extrajudicial lawsuit, loss, responsibility, cost, expense, including legal fees and damages (including but not limited to any special damages, incidental or direct and liability for propriety damages, physical injury and death, caused by the Supplier, his suppliers, service providers, agents and employees to Buyer, its successors, assignees and/or any third party, if such claim results or is originated from, or in conjunction with: (a) any Product’s defect caused by project error or imprecise or incomplete Products Specifications; (b) any material or workmanship defect; (c) any violation of laws and regulations applicable to Product manufacture and sales by the Supplier; and (d) any failure or intentional or negligent act or omission by the Supplier, his employees, agents or service providers, if applicable.

End of the Addendum